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C O N F I D E N T I A L SECTION 01 OF 02 SANAA 001377

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SUBJECT: AMBASSADOR DISCUSSES SALIF PORT YCG STATION WITH GOVERNOR OF HOIDEIDAH

Classified By: Ambassador Thomas C. Krajewski for reasons 1.4 b and d.

1. (C) Summary. After touring Yemen Hunt's Safir oil platform and the Yemen Coast Guard Command at nearby Salif Port and hearing briefings from Hunt security and the YCG Salif Port Commander, Ambassador raised the issue of maritime security and the vulnerability of the Safir with the Governor of Hodeidah. Ambassador pressed Governor Shamlan not to interfere with the construction of the Salif YCG station at Salif Port, currently stalled due to a commercial dispute. Governor Shamlan, however, was insistent that this particular site could not go to the YCG, offering instead other locations at Salif considered non-viable by the Coast Guard. Ambassador and the Governor also discussed Hodeidah's plans for developing ports, fisheries and tourism in the governorate. End Summary.

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Controversy Over New YCG Station  
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2. (C) The Yemen Coast Guard (YCG), in consultation with USCG Advisor Captain Robert Innes, selected a site in 2004 to build a new YCG station at the Salif Port, in part to protect the vulnerable Yemen Hunt Safir oil platform, probably the most vulnerable high profile American target in the country. Five months ago construction of the Salif YCG station was voluntarily halted by the YCG due to a commercial dispute between a powerful wheat importer and the Municipal Port Authority.

3. (C) Wheat importer and prominent Hodeidah businessman Fathi Fahim operates a flour mill and wheat storage facility on the Salif Port adjacent to the area where the YCG began construction. Fahim has a 25-year lease from the Port Municipal Authority for the land where both his facilities and the unfinished coast guard station are located. The contract allows for the government to break the lease with "proper and adequate" compensation. It appears Fahim appealed to his old school friend Governor Shamlan to force a halt to the YCG construction. According to the YCG Chief at Salif, a financial arrangement had already been worked out in the courts. According to Fahim, he has never received any compensation from the government.

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Safir Oil Platform  
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4. (C) Ambassador toured the Yemen Hunt Safer oil platform with Hunt's Security Chief. The Safer is a stationary tanker located 9 kilometers offshore and approximately 35 kilometers north-northwest from Hodeidah Port. Built in 1976, the tanker has not moved from its current spot in 18 years. A former crude oil tanker, the Safir contains 600,000 barrels of crude oil daily in a stationary single-hull, making it an attractive and vulnerable target for terrorists. The nearest Coast Guard station is currently located at Hodeidah port, several hours away. The planned YCG station at Salif Port is within 13 kilometers of the Safir.

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Salif Port: Why This Location?  
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5. (C) Ambassador toured the disputed plot of land, measuring 7 meters by 12 meters and edged by a protective cove on the southwestern point of the Salif port area. All told, the entire station footprint is approximately the size of a moderately priced residential home. According to Captain Innes and the YCG, this site is the only location within 50 nautical miles of the Safer that meets all three of the following criteria: access to water, electricity and roads; year-round protections from heavy monsoon weather; and, within 20 minutes response time of the high value asset.

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The Governor Has a 'Master Plan'  
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6. (C) Ambassador met for the first time with Hodeidah Governor Mohammed Saleh Shamlan, a member of President Saleh's Sanhan Tribe. In addition to discussing a range of development projects in the governorate, Ambassador raised the issue of the disputed Salif YCG station's construction.

Ambassador stressed that the USG wanted to see Hodeidah Governorate develop its ports, tourism and fishing industries, and that the region's economic prosperity ultimately depended on port security and the safety of the Safir platform, through which 30 percent of Yemen's oil wealth flows each year. Ambassador explained that the focus of his visit was on the security of the Safir and Salif Port and asked the Governor for his thoughts on how to move forward with the YCG station.

17. (C) Shamlan thanked Ambassador for USG cooperation with the YCG, saying he had noticed the forces' increased presence and capabilities due to U.S. assistance. The Governor said he understood the importance of building a Coast Guard station in the area near the Safir, either on the Island of Ras Issa or at Salif Port, but was insistent that the chosen spot conflicted with "our master plan." According to the Governor, there is a master plan for developing Salif Port that includes construction of an airport, port enhancements, and security and customs facilities. (Note: On May 24 Fahim himself gave the Ambassador a different reason, saying that he could not give up his claim to the disputed plot as he had plans to build a sugar silo there. End Note).

18. (C) "We have no objection to a YCG station at Salif," said the Governor, but was adamant that the current location was a non-starter. Shamlan invited Ambassador to return to the area, master plan in hand, and choose any other location for the YCG. Ambassador pressed that the YCG and MOI had determined there was no viable alternative, but the Governor would not budge. (Note: According to USCG Advisor the Governor has actually offered the YCG a piece of land some 3 kilometers inland. The YCG believes that no master plan exists, even on paper. End Note). "It is not my intention to make things inconvenient for the YCG," continued Shamlan, reiterating that he supported the YCG's efforts to enhance maritime security in the area. Ambassador replied that an attack on the port would be "more inconvenient," and urged that the YCG mission deserved to have the first choice for its location.

19. (C) Comment. It is clear that the Governor has no intention of backing down on the YCG's selected site for its station at Salif, and in fact has little incentive to do so. Shamlan is known to be close to powerful Hodeidah business interests, such as Fahim, and likely significantly supplements his income through these relationships. In addition, the Governor is not likely to pave the way for an expansion of the central government's power by handing the Ministry of Interior's YCG a prime spot in his own backyard. Although he may be sincere in his offer of another location at Salif, YCG sources believe that due to income from the extensive smuggling of consumer goods into Salif Port, the Governor has no intention of allowing the YCG to set up camp anywhere near the port facilities. End Comment.

Krajeski